MERRILL
A BANK OF AMERICA COMPANY

CHIEF INVESTMENT OFFICE

Wealth Strategy Report

Estate Planning Considerations for Individuals

February 2025

AUTHORED BY:

National Wealth Strategies,
Chief Investment Office

INTRODUCTION

This summary describes several items you should consider for a sound estate plan. In several places, we have spaces or lines for you to write notes. **Nothing written on this document will be "official"; you will need to consult with your attorney to have him/her draft necessary documentation.**

SELECTING EXECUTORS

The executor (sometimes called a Personal Representative) is responsible for administering the estate, including filing all probate documents as well as any estate and fiduciary income tax returns. It is not an honorary position and includes numerous responsibilities. Your executor can be an individual or an experienced corporate fiduciary or a combination of the two. If an individual is named, your Will should provide for one or more alternate executors, in case the first appointed executor cannot serve for any reason.

Some options for naming an executor include:

- naming an adult child, a sibling or other individual as sole executor, with an experienced corporate fiduciary as agent to perform the administrative duties;
- naming an adult child, a sibling or other individual and an experienced corporate fiduciary as co-executors; or
- naming an experienced corporate fiduciary as sole executor.

There are two tables below. The one on the left is to list candidates for a sole executor, if that is your preference; the one on the right is to list candidates for co-executors, if that is your preference.

Sole Executor
First Choice:
Successor #1:
Successor #2:

Co-Executors	
Co-Executor #1:	Co-Executor #2:
Successor to #1:	Successor to #2:

Merrill Lynch, Pierce, Fenner & Smith Incorporated (also referred to as "MLPF&S" or "Merrill") makes available certain investment products sponsored, managed, distributed or provided by companies that are affiliates of Bank of America Corporation ("BofA Corp."). MLPF&S is a registered broker-dealer, registered investment adviser, Member SIPC and a wholly owned subsidiary of BofA Corp.
Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value

Please see last page for important disclosure information.

SELECTING TRUSTEES

Each trust created under your estate plan will require that a Trustee be named. Your estate plan might have several trusts, including: (i) trusts that are funded during your lifetime; and (ii) trusts established under your estate plan at your death. The trustee is responsible for carrying out the terms of the trust and filing trust income tax returns. As with the executor, it is not an honorary position and includes numerous responsibilities.

The trustee can be an individual or an experienced corporate fiduciary. If an individual is named, your trust should provide for one or more alternate trustees in case the first appointed trustee cannot serve for any reason. Note that estate tax considerations may preclude selecting as trustee a family member who is also a trust beneficiary.

NOTE: You should think through these choices for each trust that is a part of your estate plan.

Some options for naming a trustee include:

- naming an adult child or a sibling as sole trustee of his or her trusts;
- naming an experienced corporate fiduciary as sole trustee;
- naming an adult child or sibling and an experienced corporate fiduciary as co-trustees;
- naming a relative as sole trustee, with a beneficiary having the right to become a co-trustee of his or her trust(s) when he or she attains a particular age; or
- naming an experienced corporate fiduciary as sole trustee, with a beneficiary having the right to become a co-trustee of his or her trust(s) when he or she attains a particular age.

There are two tables below. The one on the left is to list candidates for a sole trustee, if that is your preference; the one on the right is to list candidates for co-trustees, if that is your preference.

Sole Trustee
First Choice:
Successor #1:
Successor #2:

Co-Trustees	
Co-Trustee #1:	Co-Trustee #2:
Successor to #1:	Successor to #2:

NON-PROBATE ASSETS VS. PROBATE ASSETS

Your Will governs only "probate" assets, which are assets owned in your individual name. You might have other assets that will pass at your death by other means. Some ways by which non-probate assets can pass at death include: (i) if assets are held in trust, the trust's terms will govern their disposition; (ii) retirement plans and insurance policies will be governed by the appropriate Beneficiary Designation; (iii) real estate can be co-owned as joint tenants with rights of survivorship; (iv) community property will be governed by the applicable state's community property laws.

These are examples, but not an exhaustive list, of the many ways your assets might pass other than by your Will. It is important to understand the different means by which your assets will pass at your death so that your assets will be distributed as you want.

The need for a thorough list of assets. To help understand how your probate and non-probate assets will pass at your death(s), you should have a thorough list of your assets. The type of list that is needed for estate planning is usually quite different from a personal financial statement you might have filled out for other reasons. We suggest that you create a summary that lists (i) each asset; (ii) the value; (iii) the ownership structure, which will govern where the asset goes at your death; and (iv) the desired recipient at your death. The format could be as simple as the following and could be created in a spreadsheet:

Asset	**Value**	**Ownership Structure**	**Recipient at death**
House	$500,000	Joint tenancy with rights of survivorship	Surviving joint tenant
IRA	$250,000	IRA	Siblings
Art	$100,000	Owned Individually	Charity

Your attorney team can help you understand how your various assets will pass at your death, which is vital to having your estate plan express your wishes.

Digital Assets. As you prepare an inventory of your assets, include "digital assets," which have become an important part of an estate plan. Although there are many digital assets, they typically fall under one or more of four categories, specifically:

1. **Personal digital assets**. Included in this category are photos, videos, emails, music, medical records, blogs, digital books, gaming assets, avatars, home security systems and loyalty programs, among others.
2. **Social digital assets**. This category of digital assets includes information stored on social websites such as Facebook, Twitter, LinkedIn and Instagram, among others.
3. **Financial digital assets**. This category includes online shopping sites, PayPal, BillPay, tax documents, credit card accounts, virtual currencies, non-fungible tokens (NFTs), and online accounts for U.S. Savings Bonds, among others.
4. **Business digital assets**. These business assets include domain names, blogs, patient/customer information, eBay or Amazon seller information, intellectual property, and image and file storage, among others.

We have a separate Wealth Strategy Report: Protecting Your Digital Assets.

DISTRIBUTIONS TO FAMILY MEMBERS

Consider how you want your assets to be distributed to family members, such as children, siblings, nieces/nephews, and parents. For example, if a trust is used for minors, consider the desired timing of distributions. It may be best to allow wealth to be used by the family as needed, while also protecting and preserving this wealth for several generations by minimizing taxes and protecting the assets from family creditors (which can include a future divorcing spouse). For these reasons, it might be advisable to have trusts continue until a beneficiary reaches a certain age or possibly even for the beneficiary's lifetime.

If you want assets to stay in trust, under what circumstances should periodic distributions be made? Many trusts contain restrictions, limiting distributions for such needs as medical support, education, and/or living expenses to maintain a beneficiary's accustomed lifestyle. Some also contain provisions to allow beneficiaries to enter a profession, start a business, purchase a home or pay for a wedding. You can also empower the trustee to make discretionary distributions, which can have the benefit of allowing more flexibility to address future circumstances. However, granting more discretion to the trustee must be balanced against your desire to maintain some control over when distributions are to be made.

For notes:

If you choose to use trusts, and if the principal of those trusts is to be distributed at some point, at what age should those trusts terminate? One common approach is to stagger distributions of principal at different ages (e.g., 1/3 at 35, 1/2 of remainder at 40, and the balance at age 45). Also consider whether different timing should apply if grandchildren or further descendants will be beneficiaries of the trust.

When distributing a fraction of a trust (e.g., 1/3 of the trust at age 35), you should also consider whether there should be a dollar limit. If the trust's assets grow tremendously, a distribution of 1/3 of the trust could be a much bigger distribution than you would like to see made.

For notes:

POWERS OF APPOINTMENT

You might want to consider incorporating a power of appointment into one or more of your trusts. A power of appointment is the power to direct who will receive property. It is most commonly used in connection with a trust. That is, in addition to the powers that a trustee has over the trust property, the trust's terms can also empower someone else who is not trustee (typically a family member) to direct how trust property should be distributed. This can provide valuable flexibility by empowering someone to authorize a distribution in the future, with a better understanding of the circumstances at that time than you have now when you execute the trust.

CONTINGENT BENEFICIARIES

You should consider who should receive your property in the event all named beneficiaries in your estate documents predecease you. The persons or entities receiving such property are referred to as "contingent beneficiaries" and might include the following:

- charitable organizations;
- family members not previously named; or
- longtime friends/employees.

For notes:

SPECIFIC BEQUESTS OF TANGIBLE PROPERTY

You likely have certain items of tangible personal property that you would like to leave to particular people. These can include jewelry, artwork, an automobile, a collection, etc. It is very common for Wills to direct specific bequests of tangible property, or to refer to a separate memorandum that you create, listing these special items and who is to receive them. (Some states, such as New York, do not recognize a personal property memorandum as legally binding, so the instructions may need to be in the Will itself.) If you would like to take advantage of such a memorandum, you should make sure that your Will refers to a memorandum, and you should list the items and the intended recipients in that memorandum and store it with your valuable documents. This common technique is limited to tangible personal property. It would not be appropriate for real estate or intangible property, such as shares of stock.

For notes:

CHARITABLE BEQUESTS

You should consider any bequests you would like to make from your estate to charities, such as a church, an alma mater, a private foundation, a cultural organization, etc. Charitable bequests can take different forms. An outright bequest is the simplest, but charitable trusts can offer other advantages. We suggest you discuss these choices with your tax professional and attorney.

For notes:

GUARDIANS

You should determine the primary and contingent guardians for your minor children. The guardians of your children might or might not be the same individuals who are named to manage your estate.

The spaces below are for you to use for notes; your choices for Guardians should be incorporated into your Will, which only your attorney can draft.

First Choice:_____

Second Choice: _____

BENEFICIARY DESIGNATIONS — LIFE INSURANCE

You should determine the primary and contingent beneficiaries of all life insurance policies. Often it can be more tax efficient if life insurance policies are owned by an Irrevocable Life Insurance Trust ("ILIT").

You might have several life insurance policies, each of which may serve a different purpose. Therefore, it is possible you might want different policies to have different designated beneficiaries, and you might want some or all of the policies to be owned by one or more ILITs. Your tax professional and attorney can assist in reviewing both the tax and non-tax issues regarding your policies.

For notes:

BENEFICIARY DESIGNATIONS – RETIREMENT PLANS

You should determine the primary and contingent beneficiaries of all retirement plans, which can include company-sponsored 401(k) plans and pension plans, traditional IRAs, Roth IRAs, etc. Your choice of beneficiary could affect the income and estate tax consequences of the distribution of any proceeds.

Your tax professional and attorney can assist in reviewing both the tax and non-tax issues involved in choosing your beneficiary for each of your retirement plans.

For notes:

DURABLE FINANCIAL POWER OF ATTORNEY

A Durable Financial Power of Attorney is a legal document that empowers your designee to handle your financial affairs. Durable Powers of Attorney are generally effective immediately (unless drafted as "Springing," to take effect on a specified future occurrence), and also remain in effect if you become incapacitated. You should appoint a primary and alternate individual (often called either an "agent" or an "attorney-in-fact") who will be responsible for making financial decisions for you and executing necessary financial documents in the event you become unable to do so.

There is no requirement that you name only one attorney-in-fact for all of your financial assets. If there are particular assets (e.g., closely held stock) that would be more appropriately handled by a different person, you can have more than one Power of Attorney to accomplish that.

The spaces below are for you to use for notes; only your attorney can draft a Durable Financial Power of Attorney for you.

First Choice:_____

Second Choice: _____

HEALTH CARE POWER OF ATTORNEY AND "LIVING WILL"

You should appoint a primary and alternate individual who will be responsible for making health care decisions in the event you are unable to do so. A health care power of attorney (sometimes referred to as a "health care proxy") authorizes your designee to make these decisions for you. This power would not permit your designee to override your own decisions; it would merely permit decision-making where you have not previously made your wishes clear. The health care power of attorney may also contain so-called "living will" provisions, under which you direct that medical

intervention, except to keep you comfortable, be withdrawn if your death is imminent. Sometimes the "living will" is a separate document.

The spaces below are for you to use for notes; only your attorney can draft a Health Care Power of Attorney for you.

First Choice:_____

Second Choice: _____

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) RELEASE

Because of the passage of the Health Insurance Portability and Accountability Act (HIPAA), a federal statute that safeguards the privacy of medical information and provides stiff penalties for those health care providers who give out such information without a patient's consent, your health care proxy should include a provision that specifically authorizes health care providers to provide otherwise confidential medical information to your health care agent. While some states (e.g., New York) have statutes that attempt to ensure that health care agents are entitled to medical information required to make informed decisions regarding the patient, others do not.

Even if you do not make a health care proxy, you can independently execute a HIPAA release agreement that designates the individual or individuals to whom health care providers can provide your confidential medical information.

DISPOSITION OF REMAINS

Many states have statutes that provide for the designation in a written instrument of a person who shall have the right to control the disposition of your remains after your death. Such an instrument also can contain instructions for that person to follow when disposing of your remains. You should consult with your attorney in order to ascertain whether your instructions can be incorporated into your health care proxy or must be set down in a separate instrument.

— National Wealth Strategies, Chief Investment Office

Important Disclosures

Investing involves risk, including the possible loss of principal. Past performance is no guarantee of future results.

Bank of America, Merrill, their affiliates, and advisors do not provide legal, tax, or accounting advice. Clients should consult their legal and/or tax advisors before making any financial decisions.

This material does not take into account a client's particular investment objectives, financial situations or needs and is not intended as a recommendation, offer or solicitation for the purchase or sale of any security or investment strategy. Merrill offers a broad range of brokerage, investment advisory (including financial planning) and other services. There are important differences between brokerage and investment advisory services, including the type of advice and assistance provided, the fees charged, and the rights and obligations of the parties. It is important to understand the differences, particularly when determining which service or services to select. For more information about these services and their differences, speak with your Merrill financial advisor.

This information should not be construed as investment advice and is subject to change. It is provided for informational purposes only and is not intended to be either a specific offer by Bank of America, Merrill or any affiliate to sell or provide, or a specific invitation for a consumer to apply for, any particular retail financial product or service that may be available.

The Chief Investment Office (CIO) provides thought leadership on wealth management, investment strategy and global markets; portfolio management solutions; due diligence; and solutions oversight and data analytics. CIO viewpoints are developed for Bank of America Private Bank, a division of Bank of America, N.A., ("Bank of America") and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S" or "Merrill"), a registered broker-dealer, registered investment adviser and a wholly owned subsidiary of Bank of America Corporation ("BofA Corp.").

© 2025 Bank of America Corporation. All rights reserved. | MAP 7561805 | February 2025